

EXHIBIT 23



Energy Fund XV
Investment Recommendation

Sete Brasil Participações S.A.
R\$250,000,000 Common Equity

16 September 2011

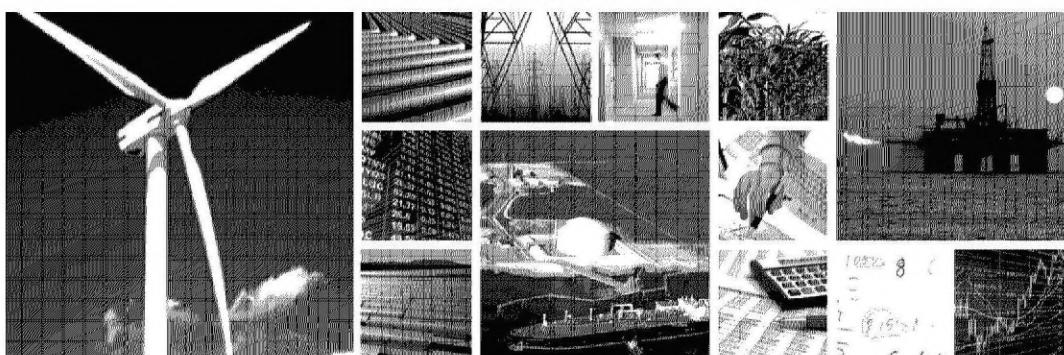


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Energy Fund XV

Investment Recommendation

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**Energy Fund XV
Investment Recommendation
Sete Brasil
R\$250,000,000 Common Equity
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Proposed Investment

EIG proposes that Energy Fund XV (“**Fund XV**”) purchases up to Brazilian Reais (“**R\$**” or “**BRL**”) 250 million (approximately \$160 million)¹ of common equity in Sondas – Fundo de Investimento em Participações (“**FIP Sondas**”), a newly created investment vehicle established in Brazil that, along with Petróleo Brasileiro S.A. (“**Petrobrás**”), will own Sete Brasil Participações S.A. (“**Sete**”). Sete is a public/private partnership established by Petrobrás, private investors and public pension funds to build ultra-deepwater drillships and charter them under long term contract to Petrobrás. As currently contemplated, the purchase price of R\$250 million will give Fund XV an 8.2% equity stake in Sete. Other funds and accounts managed by EIG have already provided a commitment to Sete for an investment of R\$250 million on a pari-passu basis.

Petrobrás requires drillships to exploit the vast pre-salt reserves off the coast of Brazil. Estimates of Campos Basin pre-salt reserves within existing discoveries range from 10.6 to 16.0 billion barrels of oil. The development of these reserves in 8,000-9,000 foot water depths will require the construction of at least 30 new, built-for-purpose, ultra deepwater drillships. Petrobrás is already the world’s premier deepwater expert and plans to become a top five exporter of crude. The most recent Petrobrás budget calls for the company to spend \$224 billion over the next five years principally for development of the huge pre-salt discoveries. While it raised \$70 billion in new equity in the fall of 2010, Petrobrás is looking for other ways to finance its aggressive growth plans and the creation of Sete is a result of those efforts.

As Petrobrás’s majority owner, the Brazilian Government is emphasizing the growth of Brazil’s domestic shipyard business by mandating that a significant portion of the drillships to be used by Petrobrás are constructed in Brazilian shipyards. Because of this local content requirement, the dearth of indigenous shipbuilding capacity and the significant capital required, none of the traditional drilling contractors were able to submit bids that matched current comparable dayrates. Consequently, Petrobrás and its Brazilian partners created Sete to provide a turnkey solution: build and own up to 28 drillships to be placed under 10-20 year charter agreements with Petrobrás at a fixed charter price comparable to current market day rates.

¹ \$157.4 million at 6/22/11 spot rate of R\$1.5882=\$1 – cushion is to allow for real appreciation vs. dollar

To mitigate the risks associated with this huge undertaking, Petrobrás is, in addition to its ownership in Sete, providing contractual protections to the expected returns of Sete shareholders. These include 10 to 20-year charter contracts for drillships and various mechanisms to reset the charter payments such that equity holders maintain their returns. Additionally, the Brazilian Government has created and funded the “Fund to Guarantee Naval Construction,” (“FGCN”) totaling R\$5 billion. The FGCN is available to reimburse the senior lenders in case of delays or cost overruns during construction. While benefits accrue to the senior lenders, they tacitly benefit the equity holders in that they prevent senior debt defaults. While the transaction is not without its risks, Petrobrás and the Brazilian government have gone to great lengths to create a structure that provides some assurances of a minimum return to Sete’s equity owners.

To date, Petrobrás has awarded Sete the first package of seven drillships which will commence construction in July 2011 for delivery between July 2015 and December 2019 (“**System 1**”). The equity capital commitments for System 1 closed on May 13, 2011. These came from eight banks and pension funds based in Brazil and amounted to R\$1.82 billion (US\$1.1 billion). The System 1 EPC contract, Charter Agreement and other operating contracts were signed on June 15, 2011. Sete is in the process of raising senior financing to deliver an anticipated leverage of 80% on each drillship. BNDES, the state-owned Brazilian development bank has issued a term sheet to provide 55% of the senior debt. Sete is in negotiations with export credit agencies (“**ECAs**”) and commercial banks to secure the remaining 45%.

On June 6, 2011 Petrobrás launched a tender process for the next three packages of seven drillships (“**Systems 2-4**”). Sete has a 2-year preference right to bid for and be awarded the System 2-4 drill ships. Our Base Case is that Petrobrás moves forward expeditiously with System 2 and that Sete receives contract award in the next few months. This will require a second round equity raise in which Fund XV would participate as the first non-Brazilian shareholder in Sete.

EIG learned of this opportunity last year and in the ensuing months has met several times with Petrobrás and Sete officials, financial advisors, and FIP Sondas’s current shareholders. EIG has been largely welcomed by all parties as an important foreign investor in the energy space, which many believe will assist in future fundraising and provide a degree of international validation to Sete, in the event of an IPO.

Though denominated in Reais, the transaction is largely dollarized since capital calls in Reais are immediately converted to Dollars to make EPC payments, senior debt is Dollar denominated and the revenues under the Petrobrás Charter Agreements will be primarily in Dollars. However, Fund XV will be exposed to a degree of foreign currency exposure as 20% of charter revenues are assumed to be Reais-denominated. This risk will be managed on an ongoing basis.

The investment in Sete is projected to have a Base Case IRR of 17% and a ROI of in excess of 2.0x on a long-term buy and hold basis. An IPO of Sete shares is an anticipated near-term liquidity event which provides option value to potentially achieve higher returns for Fund XV.

Summary of Investment Terms

Figure 1: Outline of Investment

Target:	FIP Sondas for beneficial interest in Sete ²
Corporate Purpose:	Ownership in up to 28 Special Purpose Entities (“SPEs”) to build, own, and operate late generation ultra-deepwater drillships and other complementary vessels to develop Brazil’s offshore pre-salt oil reserves. The ships will be developed in four systems of seven drillships each, and Sete will have a preferential right to bid on these systems for two years.
Purchase Consideration:	BRL250,000,000 for 8.2% equity stake in Sete
Form:	Common Equity
Conditions Precedent to Funding	<ul style="list-style-type: none"> • Establishment of seven SPEs • Satisfactory operating contracts signed • Signing of EPC Contracts
Restrictions on Exit:	<ul style="list-style-type: none"> • Lock-up: 3 years³ • Right of first refusal / Pre-emption / Tag-along / Petrobrás consent
Dividend Policy:	<ul style="list-style-type: none"> • Determined by Directors • At least 25% annual distribution of net profits (by law)
Key Governance Rights:	EIG entitled to one board seat: directors and alternates elected to two-year terms
Governing Law:	Brazilian

Investment Rationale

Strong Sponsorship and Counterparties

² Ownership structure of Sete will be 90% FIP Sondas and 10% Petrobrás

³ Petrobrás also has a 3-year lock-up for its shares. In the event of an IPO prior to the third anniversary, the lock-up period for both FIP Sondas and Petrobrás is extinguished. After 5 years, FIP Sondas shareholders representing 10% ownership of Sete may cause the company to undertake an IPO.

FIP Sondas's shareholders include some of the largest pension funds and financial institutions in Brazil. Petrobrás's involvement in different roles brings significant technical expertise and a creditworthy counterparty underpinning the economics through the long-term charter agreements.

Strategic Nature of Assets and Sector

The discovery of the pre-salt oil reserves, coupled with the Brazilian Government's efforts to increase employment and restore Brazil's ship-building industry, have created a confluence of shared objectives which resulted in the creation of Sete. Petrobrás is intent on doubling its oil production from the current level of 2 mmbpd to 4 mmbpd. This objective has created significant demand for late generation ultra-deepwater drilling ships, a demand which can be filled by boosting the domestic shipbuilding industry. Given the dynamics of the strong sponsorship group noted above, coupled with the strategic importance of this undertaking, there should be a strong intent and focus to deliver a successful outcome.

Contractual Protections of Equity Returns from Petrobrás

Various mechanisms are built into the contractual structure which provide comfort to equity investors: 1) schedule contingency is built into the construction timetable, allowing 3.5-4.0 years to build each drillship when comparable drillships are constructed in 2.0-2.5 years in Korea and Singapore; 2) the establishment of the "Fund to Guarantee Naval Construction" ("FGCN") is intended to cover construction delays; 3) charter day-rate adjustments for EPC cost overruns, changes in Brazilian taxation and higher than anticipated Sete financing costs with the objective of maintaining the agreed-upon base case return (IPCA + 13.6% - essentially, Brazilian inflation plus 13.6% p.a.).

Exposure to the Upstream Brazilian Markets

Because of the pre-salt discoveries, Brazil has become one of the most active oil and gas hubs in the world and EIG has prospected for business in that market for some time. While direct investment into the development of pre-salt reserves would be challenging for EIG given the large amount of capital required, an investment in Sete gives us tangential exposure to the pre-salt reserves backed up by credit support from an investment grade counterparty. Appendix 1 contains an overview of the pre-salt oil resource.

Long Life Assets and Portfolio Diversity

While we generally look to the 10-20 year charter contracts from Petrobrás as the primary basis for our returns, the drillships are expected to have useful lives of 30-40 years and our buy-and-hold returns will be driven, in large part, by the level and term of the recontracted day rates at the end of the initial charter term.

Additionally, Sete will have a diversified portfolio of assets once all 14 System 1 and System 2 drillships are operating. This diversification protects Sete cashflows should any one drillship underperform.

Representation through Board Position

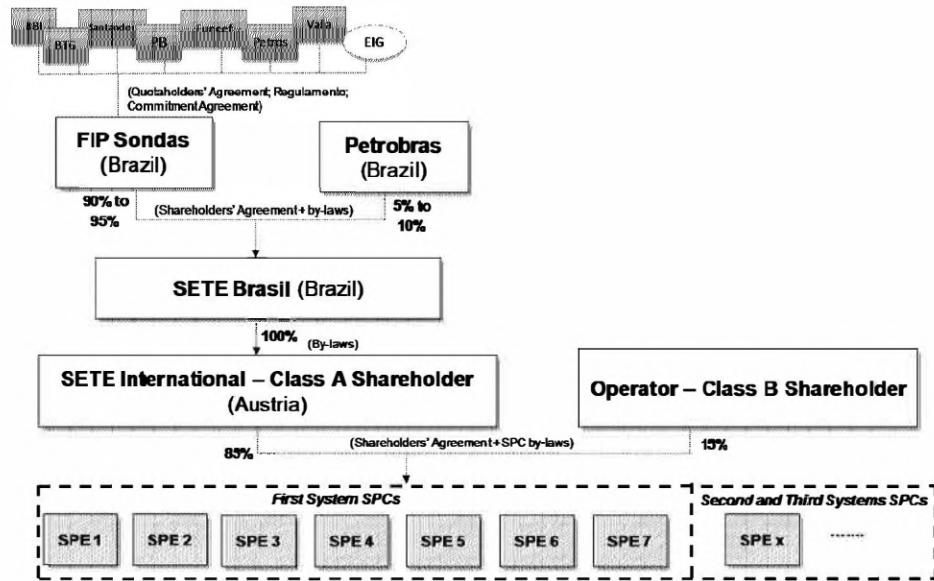
EIG will have one board seat out of 13⁴ total Sete board seats to represent our interests in the company. While we will only have limited power to determine board decisions, we should be aligned with a number of the other private investors (e.g. Santander, Bradesco and BTG Pactual). Together this group will hold more than 35% of votes allowing it to block certain major decisions, such as new investments in non E&P activities.

Transaction Structure

Figure 2 (overleaf) outlines the corporate structure proposed for the drillship program. Fund XV will make its investment in the FIP Sondas investment vehicle to secure an 8.2% indirect equity stake in Sete, a Brazilian corporate that is the ultimate holding company of the drillship fleet. Sete owns 100% of an Austrian vehicle called Sete International that is used for tax purposes to hold Sete's 85% interest in each of the Dutch registered special purpose entities ("SPEs") that own individual drillships. The remaining 15% of the SPE equity, referred to as Class B Shares, will be held initially by Petrobrás which intends to retain its Class B Shares in SPEs 1 and 2 but sell its Class B Shares in SPEs 3-7 to third party drillship Operators. The Class B shares have the same rights as the Class A shares except that the Class B Shareholder (as Operator) runs the risk that in the event its operating performance falls below the standards specified in the Charter Agreement, it may be subject to fines and eventual loss of its shares in favor of Sete International.

The companies in the Transaction Structure are described in more detail in the Principal Parties section below.

⁴ The initial Board composition is 11 members, which will increase to 13 to allow EIG and one other investor to also have Board representation upon the closing of System 2.

Figure 2: Corporate Structure

Principal Parties

The principal parties described in this section are:

- Petrobrás
- FIP Sondas
- Sete
- Sete International
- Vessel Owning SPEs
- Vessel Operators
- EPC Contractors

Petrobrás

Petrobrás (Baa1/BBB-) is the majority state-owned national oil & gas company of Brazil. It is the largest corporation in South America and one of the largest corporations in the world with a market capitalization, as of 21 June 2011, of \$213 billion. Its 2010 revenue and net income were R\$213 billion (\$134 billion) and R\$36 billion (\$23 billion) respectively. Further corporate

information on Petrobrás is provided in Appendix 3. Within the Sete transaction, Petrobrás has the following roles:

- 10% equity holder in Sete
- Long-term vessel charterer
- Construction manager
- Initial Class B Shareholder in all SPEs (Petrobrás intends to sell to third parties its Class B shares in System 1 SPEs 3-7 and all System 2 SPEs)
- Operator and long-term Class B Shareholder in SPEs 1-2

FIP Sondas

Fund XV will invest in FIP Sondas, a Brazilian registered, tax efficient investment vehicle that exempts investors from tax withholding on the payment of both dividends and capital gains.⁵ FIP Sondas will own 90% of Sete with Petrobrás owning the remaining 10%.

Key points regarding the operation / governance of FIP Sondas are:

- The entity acts as recipient of equity capital calls and makes investments in Sete on behalf of its shareholders. It also prepares financial statements and other reporting.
- Its Investment Committee comprises representatives of each of its shareholders and meets prior to Sete board meetings.
- Voting rights mirror the Sete Shareholders' Agreement with approval thresholds as per Appendix 4.
- Caixa Economica Federal, will administer FIP Sondas for an administration and custody fee equaling 0.2095% p.a. of committed equity during the investment period, and of outstanding equity thereafter.
- Shareholders will have a three-year lock-up period on the transfer of shares.

⁵ EIG will have to pay a 2% "Tax on Financial Operations" upon the disbursements of capital calls, but as noted above, distributions and exit payments will be free from any taxes. Funds will enter via a so-called "Resolution 2689" account, to be opened with a local bank, which will accrue modest administration fees.

- There are severe penalties for failing to meet capital calls. These include late interest charges, possible loss of existing investment, loss of voting powers and withholding of any dividends or other remuneration due.

FIP Sondas has entered into a Cooperation Contract with Petrobrás that establishes a mechanism to maintain a pre-agreed return to FIP Sondas shareholders which is equal to Brazil IPCA inflation rate + 13.6%. Essentially, if the realized financing terms differ from those envisaged in the original Base Case (i.e. leverage is lower or higher than anticipated or financing costs obtained from BNDES, the ECAs or the commercial banks are higher or lower than anticipated), then Sete Brasil and Petrobrás will sit down in good faith and renegotiate the charter day rate to achieve the pre-agreed return. This practice will work in both directions, i.e. the charter day rate will increase if financing terms are worse than anticipated and decrease if financing terms are better than anticipated.

Sete

Sete is a corporate entity registered in Brazil. It is the ultimate holding company of the drillship fleet.

History

Sete is a public-private vehicle established to bring private Brazilian capital into the drill-ship industry. Petrobrás initially ran international tender processes for the System 1 drillships with the stipulation that they should be constructed with significant local content. The responses from international contractors were viewed as expensive so Petrobrás worked with certain Brazilian financial institutions to establish Sete as a vehicle to build, own and charter out multiple drillships with significant local content.

Capitalization

Sete raised R\$1.82 billion (\$1.15 billion) of equity capital commitments in May 2011. This is more than sufficient to fund the equity portion of the construction of the seven drillships in System 1. If Sete is awarded the System 2 package of seven drill ships by Petrobrás, Sete will require an additional R\$1.21 billion (\$0.76 billion USD equivalent) in equity commitments through a second close which could occur as early as October 2011.

FIP Sondas holds 90% of Sete's equity and Petrobrás holds the remaining 10%. Assuming Sete is awarded System 2 and there is a second equity close which includes Fund XV, Sete's beneficial equity holders (i.e. looking through FIP Sondas) will be as presented overleaf in Figure 3.

Figure 3: Class A Equity Commitments

Investor	BRL R\$	USD \$ eq.	Percent
First Close			
BTG Pactual	R\$ 250,000	\$ 157,431	8.2%
Santander	250,000	157,431	8.2%
Fundo Strong (Bradesco)	250,000	157,431	8.2%
Funcef	350,000	220,403	11.5%
Petros	350,000	220,403	11.5%
Previ	180,000	113,350	5.9%
Valia	100,000	62,972	3.3%
Lakeshore	1,000	630	0.03%
Petrobras Direct Investment	90,000	56,675	3.0%
Total First Close	R\$ 1,821,000	\$ 1,146,725	60.0%
Second Close			
EIG managed funds	R\$ 500,000	\$ 314,861	16.5%
[Aldo Flores]	250,000	157,431	8.2%
Caixa	250,000	157,431	8.2%
Petrobras Direct Investment	213,444	134,411	7.0%
Total Second Close	R\$ 1,213,444	\$ 764,134	40.0%
Total Class A Equity Commitments R\$ 3,034,444 \$1,910,859 100.0%			

Note: Equity commitments are denominated in BRL while project costs and revenues are predominately USD; while this particular FX dynamic is not anticipated to affect returns it might affect EIG USD commitment amounts over time
The assumed USD/BRL FX rate in the commitment table is 1.588

Fast Track and Future Investments

Under Sete's constitutional documents, unless more than 85% of shareholders are in opposition, Petrobrás can require that Sete raises additional capital to fund investment programs in any E&P related sector that delivers an equity return of at least IPCA + 13.6% p.a.. Petrobrás could therefore require Sete to invest in all the drillships in its announced 28 drillship program provided that it provides a charter rate that delivers the prescribed minimum return. Beyond this, Sete could also be used to fund FPSO and tanker investment programs under the Fast Track mechanism. Sete's business plan envisages a 10-year investment horizon and that Sete will secure additional drillship packages beyond Systems 1 and 2. However, exact investments are not yet specified. It is therefore difficult to predict Sete's future capital calls on its shareholders.

Governance

Governance issues are covered in the Shareholders' Agreement, the Investment Agreement, and the by-laws of the Company. The key points regarding governance are:

- The Board of Directors will be comprised of 13 Directors: Sete's CEO (Petrobrás appointee), 1 from Petrobrás, 1 from Caixa Economica as FIP Administrator; 8 from FIP Sondas: currently two each from FUNCEF and PETROS; one each from Previ, Banco

BTG Pactual, Banco Santander, and Bradesco (Strong Fundo de Investimento), 1 from EIG and 1 from another new investor joining in the second round equity raise.

- Board voting thresholds on material business decisions are provided in Appendix 4.
- Management will be comprised of a CEO and CFO (both in place and both ex Petrobrás) as well as a Director of Operations (to be appointed). Sete will also employ up to 6 managers, 24 analysts and 8 support staff.
- FIP Sondas's shareholders are jointly liable for cash calls into Sete. Severe penalties are applied to all FIP Sondas shareholders for default by any FIP Sondas shareholder. These include fines, loss of voting rights, acceleration of outstanding committed capital and forfeiture, sale or cancellation of shares. The creditworthiness of other FIP Sondas shareholders makes us comfortable with this risk. Furthermore, any funding default can be cured by calling on other shareholder commitments.

Sete International

Sete International GmbH (“**Sete International**”) is incorporated in Vienna, Austria. It is an intermediary holding vehicle inserted into the structure in order to benefit from the preferential Netherlands-Austria and Austria-Brazil tax treaties. The structure leads to Fund XV’s investment being exempt from Dutch, Austrian and Brazilian taxes during operations.

Vessel Owner SPEs

Each SPE is a Netherlands incorporated vehicle which is governed by a shareholders’ agreement between Sete International and the Operator (either Petrobrás or a third party operator). These agreements spell out the business of the SPE, funding, transfer of shares and corporate governance. With regards to dividend policies, the class B shareholder must defer receiving any dividends until the Class A shareholders have received cumulative distributions totaling \$30 million; beyond that, it is the policy of each SPE to pay out total profits, minus any retentions to meet foreseeable commitments and contingencies and capex.

Vessel Operators

Petrobrás will be the Operator of the first two drill ships (SPE 1 and SPE 2). Beyond SPE 1 and SPE 2, the Operators will be selected from a pre-approved list of 19 third party operators. Many

of the pre-approved operators are known to EIG. This list includes Transocean, Noble, Pride, Enesco and local Brazilian operators, Odebrecht and Queiroz Galvão.

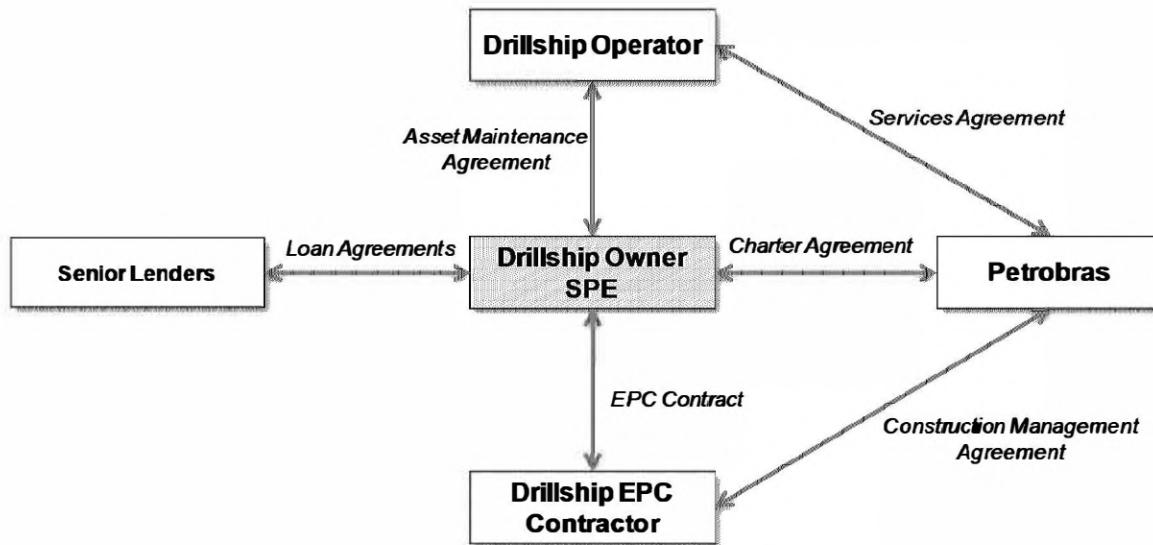
EPC Contractors

The EPC Contractor for the System 1 ships is *Estaleiro Atlântico Sul* (“EAS”), a joint venture in Northeastern Brazil owned 40% each by Queiroz Galvão and Camargo Corrêa, two of the largest and most respected construction/engineering groups in Brazil. An investment firm called PJMR and Samsung Heavy Industries of South Korea are each 10% equity holders. The latter is expected to provide much of the technical support for the drillships. Further detail on EAS is provided in Appendix 5. The EPC Contractor for System 2 is to be selected from a shortlist of 6 potential contractors which includes EAS. Summary information on potential System 2 EPC Contractors is provided in Appendix 6.

Operating Agreements

Below is a brief description of each of the main operating agreements in the Sete transaction. The long term nature of the operating agreements has set the framework for the financial structuring of the company.

Figure 4: Contractual Structure



Petrobrás Charter Agreement

The Charter Agreements between each SPE and Petrobrás are Sete's main source of revenue. Under these agreements, each SPE is paid an indexed day rate for the availability and mobilization of its drillship. This day rate is adjusted to compensate the SPE for certain construction cost over-runs, changes to financing terms and changes in taxation. On delivery of the ship, each SPE will elect the currency denomination of charter revenues. Each SPE may elect for up to 50% of charter revenues to be Reais denominated. Our Base Case assumes a 20% Reais election, with the remaining 80% of revenue received in Dollars.

For SPEs 1 and 2, the term is an initial 20-year period with an option to extend by mutual agreement for a further 20 years. For SPEs 3-7 and all the System 2 SPEs, the charter agreements will have a 10+10 year term. There are multiple contractual termination triggers. These include contractual non-performance on operational and administrative matters as well as termination of the Service Agreement (see below).

Penalties are payable by the SPE to Petrobrás for late delivery of the drill ship (capped at 10% of contract value). If delivery is delayed 2 years beyond the original schedule, Petrobrás can terminate the contract and impose a further fine of 10% of contract value. The SPE is also liable to pay fines for contractual non-compliance on limited specific issues (capped at 10% of contract value). In the case of an oil spill at sea, the SPE's civil and contractual liability is capped at \$1,000,000. Liability for direct damages is capped at 5% of contract value. The contract value is initially set at \$2.7 billion.

The SPE will rely on the Operator and to a lesser extent Petrobrás to manage its potential risks under this contract. The SPE and Operator are jointly and severally liable for the obligations arising under the Charter Agreement. However, the SPE will have recourse in most cases to the Operator under the Asset Maintenance Agreement (see below). It is noted that despite Petrobrás being a minority shareholder in each SPE, the interests of the SPE and Petrobrás are not aligned under the Charter Agreement.

The agreement is governed under Brazilian law with dispute resolution in the Brazilian courts.

EPC Contract

The EPC Contract is signed between each SPE and the EPC Contractor (EAS in the case of System 1). Each EPC Contract is a lump sum, fixed price, date certain, turnkey contract. The contract price is adjusted for inflation but these adjustments are passed through to Petrobrás via changes in the charter rate. The agreement includes provisions for:

- minimum level of Brazilian content in drillship construction

- builder's risk insurance
- delay liquidated damages
- 12-month warranty period for Defective Works

The interests of Petrobrás and the SPE are largely aligned under this contract, and most risks are transferred to the EPC Contractor.

The contract is governed under New York law with dispute resolution escalating to arbitration under International Chamber of Commerce rules in New York.

Service Agreements

These agreements are to be signed between Petrobrás and the drillship Operators to regulate the rendering of the oil drilling services. The Operator will receive a fixed (indexed) Service Agreement Dayrate, under which it will bear the risk of any operating cost over-runs. We believe there is significant cushion built into the rate. The SPE's Class A Shareholder is therefore insulated from operating cost inefficiencies and over-runs.

Asset Maintenance Agreement

The main purpose of the Asset Maintenance Agreement is to allow the SPE to share with the Operator certain liabilities allocated to the SPE under the Charter Agreement which are managed by the Operator. The agreement provides that the SPE may impose on the Operator any fines arising under the Charter Agreement that are caused by the Operator's actions or inactions.

Construction Management Agreement

The Construction Management Agreement allows Petrobrás to oversee and manage the construction of the drillships by the shipyard under the EPC contract. There is alignment between Petrobrás and the SPE, though Petrobrás assumes very limited liability related to the construction with a liability cap of \$800,000 per EPC contract. We understand Petrobrás is in the habit of working closely and proactively with drillship owners and contractors to fix problems when they occur.

Risks and Mitigants

<i>Construction</i>
<u>Description of Risk</u>
<p>The requirement for significant local content in Petrobrás's drillship construction program means that this class of ship will be built in Brazilian shipyards for the first time. This requires the development of new shipyards and engineering teams that can concurrently build and deliver a series of these ships.</p> <p>Construction risk could materialize in 3 ways:</p> <ul style="list-style-type: none"> • Delays – the SPE is liable for delay penalties to Petrobrás under the Charter Agreement. If the delay extends for 2 years beyond the original delivery date, Petrobrás can terminate the Charter Agreement. • Cost over-runs – in some instances, construction cost over-runs may be borne by equity. The FGCN provides protection to senior lenders for cost over-runs. • Shipyard bankruptcy – under the fixed price EPC contract with liquidated damages, the shipyard bears financial risk for poor performance under the contract.
<u>Mitigants</u>
<ul style="list-style-type: none"> • General <ul style="list-style-type: none"> ○ The EPC Contract is a turnkey, fixed-price, date-certain contract. ○ Petrobrás will closely monitor construction through the Construction Management Agreement, thus reducing the likelihood of errors in construction and non-acceptance of the ship by Petrobrás. ○ Approximately 40% of the drilling system and equipment will be imported from suppliers which already supply many international drillers. ○ The FGCN will provide a source of liquidity to pay debt service in the instance of cost over-runs and delays. • Delays <ul style="list-style-type: none"> ○ The System 1 drillships have 3.5-4.0 year construction periods. This compares to 2.0-2.5 years for comparable vessels constructed in the established shipbuilding environments of Korea and Singapore. ○ SPE is entitled to delay liquidated damages under the EPC Contract.

- Cost Over-runs
 - The EPC cost includes a certain percentage level of contingency.
 - Charter payments increase proportionally to cost over-runs against original construction budget (excluding change orders).
 - Inflationary impacts on construction costs are also passed through to Petrobrás through a higher charter day rate.
- Shipyard Bankruptcy
 - EAS is comprised of two of the largest and most respected construction groups in Brazil as well as Samsung Heavy Industries which has vast experience in FPSO and drillship construction. Shipyard bankruptcy is considered a remote possibility given the size of the entities forming EAS.
 - EAS will maintain builder's all risk and delay in start-up insurance as well as a performance bond equivalent to 3% of the cost of each drillship.

Operations

Description of Risk

The main operational risks are related to

- Poor performance of drillships: SPEs receive charter payments when the ships are available and mobilized. However, the SPEs rely on third party Operators to manage and maintain the ships in accordance with Petrobrás requirements.
- Termination of Charter Agreement: There are multiple termination triggers of the Charter Agreement, some of which can be triggered by the actions or inactions of the third party Operator.
- Renewal risk at the end of the initial 10-year charter period: Petrobrás has the option to extend the contract for a further 10 years on the same terms or it may elect to terminate the current contract and negotiate more favorable terms.

Mitigants

- Petrobrás will operate the first two drillships and has pre-selected 19 potential operators from whom the future Operators will be selected. We believe these 19 potential operators have adequate experience to manage and operate the remaining ships. The Operators will also take a 15% equity stake in each SPE.

- We believe risk of Charter Agreement termination is low due to:
 - Competence of potential Operators.
 - Petrobrás's need to maintain confidence of financial investors in Petrobrás sponsored financing structures.
- The FIP shareholders will have the ability to substitute an Operator that is performing below specified standards.
- We believe it is likely Petrobrás will renew the charter contracts at the end of the initial ten-year period given:
 - Petrobrás's ownership interest creates economic incentive for Petrobrás to charter Sete drillships ahead of third party drillships.
 - High long-term demand for drillships due to extent of pre-salt discovery.
- In a worst case scenario, the drillships can be re-deployed, and are designed for use in the Gulf of Mexico or West Africa.
- A Performance Reserve Fund of up to \$56 million will be established from the cash flows generated by each drillship. This fund can be drawn in periods where poor performance reduces SPE cashflows.

Financing

Description of Risk

There are two types of financing risk:

- Initial financing: The Base Case assumes raising debt on an 80:20 debt:equity basis but this debt is still to be committed.
- Refinancing in Year 15: Our Base Case assumes a debt refinancing in the tenth year of operations of each SPE. The size of the refinancing will be dependent on the extension or replacement of the current Charter Agreement as well as debt market conditions.

Mitigants

- Initial Financing
 - BNDES support and current market comps (Odebrecht Oil & Gas) suggest a strong demand for financing secured by drillships backed by Petrobrás charter contracts.
 - Under the Co-operation Agreement, Petrobrás will adjust the charter rate to compensate for deviations from the Base Case financing assumptions.

- Refinancing
 - Our Base Case assumes a conservative refinancing for each SPE in Year 15 of \$425 million. This compares to the initial construction financing of \$621 million.

Foreign Exchange

Description of Risk

The investment in Sete is in Brazilian Reais. However, the transaction is heavily dollarized with the EPC Contract, senior debt and at least 50% of charter revenues being dollar denominated. There are 2 types of currency risk:

- On the dollar flows, there is short-term currency risk during the following time periods: (i) between Fund XV's conversion of Dollars into Reais to meet Reais equity cash calls and conversion from Reais to Dollars to make Dollar payments under the EPC and (ii) between conversion of Dollar distributions to Reais at FIP Sondas level and conversion of Reais distribution to Dollars once received by Fund XV.
- On the Reais charter revenue we expect the senior lenders to require that at least 80% of charter revenue is dollar denominated. The remaining 20% of Reais charter revenue bears BRL:USD currency risk.

Mitigants

- Fund XV's exposure under the short-term currency risk is limited to days. For example, drawn equity would be held in a Brazilian Reais account for only 1-2 days before being deployed under the EPC contract.
- On the currency risk arising from Reais charter revenue:
 - Only 20% of revenue is expected to be Reais denominated.
 - EIG will consider entering into a hedging program at a future point in time (the first System 1 drillship is not scheduled to generate revenues for four years).
 - In our Base Case, we assume a 37% devaluation of the Real by December 2016 and a further 9% devaluation by December 2021.

Future Sete Investment Programs and Funding**Description of Risk**

Sete's board or Petrobrás may decide that Sete pursues investment programs in addition to System 1 and System 2 during Sete's 10-year investment period beginning in 2011. Given the Fast Track mechanism available to Petrobrás and given Fund XV's minority equity stake, Fund XV will have a low degree of influence over these decisions. This may give rise to the following risks:

- Petrobrás uses Sete to fund E&P related investment programs which in EIG's view have worse risk/return profiles than System 1 and System 2.
- Fund XV does not have available capital to meet future capital calls if our commitment exceeds the Fund's investment limits or time horizons.

Mitigants

- Fast Track Investment Programs
 - Fast Track programs must be shown to deliver a return of IPCA + 13.6% although underlying assumptions may be disputed.
- Alternative Source of Capital
 - Sete is likely to IPO or make further equity private placements for additional capital calls.
 - Sete cash calls could be funded from Sete equity distributions which in the Base Case begin in 2018.
 - After an initial 3-year lock-up period, Fund XV could exit the investment through a sale of its stake.

Change of Law**Description of Risk**

Changes in law and taxation may impact returns.

Mitigants

- Charter payments are adjusted under an economic equilibrium concept for changes in Brazilian taxation.

- The transaction structure is exposed to changes in international law particularly with respect to bilateral tax treaties. However, we consider this risk low, for example, the Austrian-Brazil tax treaty has been in place since 1976.

Environmental

Description of Risk

Risk of environmental damage in offshore environment.

Mitigants

- In the event of a spill, each SPE has a maximum liability for clean-up costs of \$1 million. We would also expect Petrobrás to support any clean-up efforts needed.
- The drillships are being designed with the highest environmental safeguards and will conform to Brazilian state and federal environmental guidelines.
- The operators of the drillships are to be approved by Petrobrás which is known for requiring safety standards comparable to those of major integrated oil companies.
- The senior lenders will also insist the SPEs comply with the Equator Principles.

Financial Analysis

Sources & Uses of Funds for Systems 1 & 2

The equity capitalization of Sete Brasil for Systems 1 and 2 will total \$2.21 billion. This amount will, in turn, be used to fund 20% of the equity in each SPE.

The remaining capital for each SPE will come from a non-recourse senior-secured project finance to be provided by a combination of BNDES (Brazil's national development bank), ECAs, and commercial banks. BNDES's board has already expressed interest in providing up to 45% of the total funding requirements (coinciding with the expected Brazilian content of each drillship). ECAs from equipment supplier countries are expected to provide a further 20% whilst the balance of 15% is expected to come from commercial banks operating in Brazil. The Financial Close of the permanent project financing is 6-12 months away. In order to begin drillship construction in 2011 on the intended 80:20 debt-equity ratio, Sete is in the process of raising a \$855 million bridge financing to bridge its debt needs until financial close.

The sources and uses of funds for Systems 1 and 2 are detailed in Figure 5 below. Of note, the assumed Class A equity commitments of \$1.91 billion are assumed to be 98% drawn in the analysis.

Figure 5: Systems 1 & 2 Total Sources & Uses of Funds

thousands USD						
Uses	Sources					
EPC	\$ 9,274,000	84%	BNDES	\$ 4,977,201	45%	
SPE Startup Equipment	210,000	2%	ECAs	2,212,089	20%	
FGCN Premia	52,938	0%	Commercial Banks	1,659,067	15%	
Construction Management	116,900	1%	Total Debt	\$ 8,848,358	80%	
Insurance	162,020	1%	FIP Class A Equity (90%)	\$ 1,692,248	15%	
Financing Costs	72,825	1%	Petrobras Class A Equity (10%)	188,028	2%	
EPC Inflation Correction	1,171,764	11%	Total Class A Equity	\$ 1,880,276	17%	
			Class B Equity	331,813	3%	
			Total Equity	\$ 2,212,089	20%	
TOTAL	\$ 11,060,447	100%	TOTAL	\$ 11,060,447	100%	

Base Case Assumptions

Our Base Case incorporates the following assumptions:

Figure 6: Base Case Model Assumptions

Macroeconomic	
Brazilian Inflation	4.5% p.a. post 2012
US Inflation	3.0% p.a. post 2013
BRL:USD Exchange Rate	BRL devalues from rate of 1.59 as of 06/22/11 to 2.35 in 2021
Entry Premium	
Entry Premium	No entry premium paid on purchase of shares although our first equity contribution will be sized to true-up with historical equity contributions from current shareholders. It will be assumed that historical equity injections have earned an ICPA + 13.6% return since their contribution date.
Construction	
Construction Costs	US\$ 662 million per drillship – as per EPC budget
Assumed Delays Against Sete Delivery Schedule	For both System 1 and 2, we assume a 6 month additional delay for the first two drillships, a 3 month additional delay for the third and fourth drillships with the last three drillships will be completed on schedule. Assumed delivery schedule is presented below in Figure 7
Senior Financing	
Size	\$621 million per SPE
Tenor – All tranches	15 years (5 years construction + 10 years repayment)
Margin – BNDES	275 bps
Margin – ECA	300 bps
Margin – Commercial Banks	300 bps
Debt Service Reserve Account	Sized to cover 3 months debt service
Refinancing	
Year	Year 15 of each SPE
Size	\$425 million
Tenor	10 years
Margin	300 bps

Operations	
Charter Contract Day Rates	\$237,000 per day (real 2011) – Figure is net of Service Day Rate paid to Operator
Currency Denomination of Charter Payments	80% USD and 20% BRL
Uptime Rate	90.0% in year 1, 92.5% in year 2 and 95.0% in year 3 before finally achieving the industry normal minimum of 97.5% in years 4 and beyond.
Charter Renewal	Petrobras exercises its option for a 10-year extension of the Charter Agreement
Reserve and Guarantee Funds	
Construction Contingency Fund	\$139 million funded from initial cashflows generated by each SPE. Drawn to cover construction cost over-runs.
Performance Fund	\$56 million funded from initial cashflows generated by each SPE. Drawn to service senior debt in the event that operational performance is poor.
Renewal Fund	\$117 million funded from SPE cashflows in Years 8-10 of operation. Drawn if refinancing is in sufficient to repay 32% balloon assumed on senior debt.
Guarantee Fund for Naval Construction (FGCN)	R\$5 billion (\$3.1 billion) fund established by the Federal Government to cover debt service in the event of delays and/or cost over-runs by the ship-builder. Drawdowns on the fund become subordinated debt obligations of the SPE.
Dividends	
Distribution Frequency	Annual

Our Base Case assumes the delivery schedule outlined in Figure 7 for the 14 drillships under Systems 1 and 2. This schedule incorporates the delay assumptions outlined above.

Figure 7: Base Case Delivery Schedule for Systems 1 & 2 Drillships

System 1: EAS		System 2: Shipyard TBD		
SPE 1	Jan 2016		SPE 8	Oct 2016
SPE 2	Jan 2017		SPE 9	Oct 2017
SPE 3	Apr 2017		SPE 10	Jan 2018
SPE 4	Jan 2018		SPE 11	Oct 2018
SPE 5	Jul 2018		SPE 12	Apr 2019
SPE 6	Jan 2019		SPE 13	Oct 2019
SPE 7	Oct 2019		SPE 14	Jan 2020

Base Case Cashflow Analysis

This section presents the cashflow analysis at three levels:

- Figure 8: Single drillship SPE
- Figure 9: Consolidated portfolio of 14 SPEs for Drillship Systems 1 and 2
- Figure 10: Sete

The Base Case assumes a buy-and-hold investment which delivers a long-term IRR of 17.2% and an ROI of up to several multiples depending on the investment horizon considered. The most likely outcome of this investment is that Fund XV exits through an IPO or sale within the first 3-7 years which under relatively conservative assumptions could deliver a 30%+ IRR and a ROI in excess of 3.0x.

Figure 8: Base Case Cashflow Analysis: Single Drillship SPE

Single Drillship SPE Cash Flow	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
thousands USD and BRL																		
Assumptions																		
US Inflation CPI (20% Correction)																		
BRL Inflation IPCA (100% Correction)																		
BRL/USD FX																		
Operating Uptime																		
Real Rate																		
Charter Contract Dayrate - 80% USD	\$ 236.8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 260.6	\$ 261.0	\$ 262.6	\$ 264.2	\$ 265.9	\$ 267.6	\$ 269.4	\$ 271.2	\$ 273.1	\$ 275.0	\$ 277.0	
USD Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,345	\$ 21,259	\$ 90,051	\$ 98,338	\$ 103,038	\$ 103,740	\$ 104,916	\$ 106,170	\$ 107,760	\$ 108,794	\$ 110,167	
Charter Contract Dayrate - 20% BRL	R\$ 94.7	R\$ -	R\$ -	R\$ -	R\$ -	R\$ -	R\$ 137.6	R\$ 139.1	R\$ 145.4	R\$ 151.9	R\$ 158.8	R\$ 165.9	R\$ 173.4	R\$ 181.2	R\$ 189.3	R\$ 197.9	R\$ 206.8	
BRL Revenues	R\$ -	R\$ -	R\$ -	R\$ -	R\$ -	R\$ -	R\$ 11,206	R\$ 46,297	R\$ 49,427	R\$ 54,092	R\$ 59,204	R\$ 61,017	R\$ 62,542	R\$ 64,143	R\$ 65,982	R\$ 67,515	R\$ 69,289	
USD Equivalent	\$ 59.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,336	\$ 21,165	\$ 22,513	\$ 24,084	\$ 25,760	\$ 25,935	\$ 26,229	\$ 26,543	\$ 26,940	\$ 27,199	\$ 27,542	
Charter Revenues (USD Equivalent)	-	-	-	-	-	-	26,881	107,823	112,564	120,422	128,798	129,675	131,145	132,713	134,700	135,993	137,709	
Plus: Mobilization Fee Income	-	-	-	-	-	-	30,000	-	-	-	-	-	-	-	-	-	-	
EBITDA	-	-	-	-	-	-	56,681	107,823	112,564	120,422	128,798	129,675	131,145	132,713	134,700	135,993	137,709	
Project Construction Costs	(165,923)	(298,879)	(233,026)	(69,530)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taxes	-	-	-	-	-	-	(23,863)	-	-	-	-	-	-	-	-	-	-	
Financial Income	-	-	-	-	-	-	(0)	335	229	315	444	461	472	503	529	568	3,445	
Unlevered Free Cash Flow	(165,923)	(298,879)	(233,026)	(69,530)	32,818	108,159	112,793	120,737	129,242	130,136	131,617	133,216	135,229	136,561	141,154			
Unlevered Project IRR	11%	NM	NM	NM	NM	NM	NM	NM	NM	NM	-6%	-3%	0%	2%	4%	6%	7%	
Unlevered Project ROI - 20 yr. Contract	3.6x	0.0x	0.0x	0.0x	0.0x	0.2x	0.3x	0.5x	0.7x	0.8x	1.0x	1.2x	1.3x	1.5x	1.7x			
Unlevered Project ROI - 10 yr. Contract	1.5x																	
Funds Disbursement:																		
Senior Fundings	124,443	247,737	188,421	55,624	19,873	-	-	-	-	-	-	-	-	-	-	-	425,000	
Class A Equity Fundings (85%)	36,503	43,985	39,614	11,820	-	-	-	-	-	-	-	-	-	-	-	-	-	
Class B Equity Fundings (15%)	4,978	9,226	6,991	2,086	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Funds Disbursement	165,923	300,948	233,026	69,530	19,873	-	-	-	-	-	-	-	-	-	-	-	425,000	
Cash Available for Debt Service	-	2,069	-	-	-	52,691	108,159	112,793	120,737	129,242	130,136	131,617	133,216	135,229	136,561	136,154		
Senior Principal	-	-	-	-	-	(1,362)	(40,242)	(43,094)	(44,039)	(45,679)	(49,319)	(53,009)	(54,800)	(56,598)	(61,153)	(232,630)		
Senior Interest	-	-	-	-	-	(18,386)	(40,100)	(42,585)	(40,996)	(38,795)	(35,322)	(31,576)	(27,599)	(23,445)	(19,069)	(19,232)		
Financial Costs	-	(2,069)	-	-	-	(19,748)	(80,342)	(85,679)	(85,035)	(84,474)	(84,541)	(84,585)	(82,399)	(82,043)	(80,222)	(251,862)		
Total Senior Debt Service	-	(2,069)	-	-	-	(19,658)	(1,458)	-	-	-	-	-	-	-	-	-	30,716	
DSRA (Funding) Draw	-	-	-	-	-	(39,406)	(81,800)	(85,679)	(85,035)	(84,474)	(84,641)	(84,585)	(82,399)	(82,043)	(80,222)	(221,146)		
Cash Available to Shareholders	-	0	-	-	-	13,285	26,359	27,114	35,702	44,767	45,495	47,032	50,817	53,187	56,340	345,008		
Class A Dividends (85%)	-	-	-	-	-	-	(33,698)	(23,047)	(30,347)	(38,052)	(38,671)	(39,977)	(43,195)	(45,209)	(47,889)	(211,889)		
Class B Dividends (15%)	-	-	-	-	-	-	(5,947)	(4,067)	(5,365)	(6,715)	(6,824)	(7,055)	(7,623)	(7,978)	(8,451)	(37,389)		
Total Dividend Distributions	-	-	-	-	-	-	(39,644)	(27,114)	(35,702)	(44,767)	(45,495)	(47,032)	(50,817)	(53,187)	(56,340)	(249,258)		
Remaining Cash Balance	-	0	0	0	13,285	0	0	0	0	0	0	0	0	0	0	0	95,750	
Total Debt Balance	124,443	372,180	558,601	614,224	632,735	592,494	549,400	505,361	459,682	410,363	357,354	302,553	243,955	182,803	375,173			
DSCR	NM	NM	NM	NM	2.7x	1.3x	1.3x	1.4x	1.5x	1.5x	1.6x	1.6x	1.7x	2.2x				
Debt to EBITDA	NM	NM	NM	NM	11.2x	5.5x	4.9x	4.2x	3.6x	3.2x	2.7x	2.3x	1.8x	1.3x	2.7x			
SPE Leveraged Returns to Class A	\$ (36,503)	\$ (43,985)	\$ (39,614)	\$ (11,820)	-	\$ 33,698	\$ 23,047	\$ 30,347	\$ 38,052	\$ 38,671	\$ 39,977	\$ 43,195	\$ 45,209	\$ 47,889	\$ 211,809			
Class A IRR	20.3%	NM	NM	NM	NM	0.0%	0.0%	-8.4%	-1.0%	3.7%	7.0%	9.5%	11.3%	12.7%	16.6%			
Class A ROI - 20 yr. Contract	7.1x	0.0x	0.0x	0.0x	0.0x	0.3x	0.4x	0.7x	0.9x	1.2x	1.5x	1.9x	2.2x	2.6x	4.2x			
Class A ROI - 10 yr. Contract	2.6x																	

Figure 9: Base Case Cashflow Analysis: Consolidated Economics of Systems 1 and 2 Drillship SPEs

Consolidated Cash Flow thousands USD	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Drillships on Charter	-	-	-	-	-	-	2	5	9	13	14	14	14	14	14	
Average Fleet Dayrate	-	-	-	-	-	325k	328k	331k	334k	338k	341k	345k	349k	354k	358k	
Average Fleet Uptime	-	-	-	-	-	91.4%	92.7%	94.1%	96.4%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	
Total Charter Payments USD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134,116	\$ 433,640	\$ 858,152	\$ 1,291,319	\$ 1,678,131	\$ 1,756,518	\$ 1,827,536	\$ 1,875,745	\$ 1,903,296	\$ 1,921,154	
Mobilization Fee Income	-	-	-	-	-	60,000	90,000	120,000	120,000	30,000	-	-	-	-	-	
EBITDA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,116	\$ 523,640	\$ 978,152	\$ 1,411,319	\$ 1,708,131	\$ 1,756,518	\$ 1,827,536	\$ 1,875,745	\$ 1,903,296	\$ 1,921,154	
Project Construction Costs	(809,660)	(1,683,230)	(1,968,969)	(1,849,223)	(1,698,099)	(1,169,788)	(382,068)	458,107	1,190,658	1,710,784	1,760,898	1,832,781	1,881,662	1,909,570	1,927,697	
Corporate Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Plus: Interest Income	-	-	-	-	-	-	290	1,091	2,034	3,814	5,299	4,380	5,245	5,917	6,274	6,543
Unlevered Free Cash Flow	(809,660)	(1,683,230)	(1,968,969)	(1,849,223)	(1,698,099)	(1,169,788)	(382,068)	458,107	1,190,658	1,710,784	1,760,898	1,832,781	1,881,662	1,909,570	1,927,697	
Equity A Class	180,401	255,771	334,725	314,368	288,677	230,561	152,504	86,806	36,464	-	-	-	-	-	-	
Equity B Class	24,600	52,371	59,069	55,477	50,943	40,687	26,912	15,319	6,435	-	-	-	-	-	-	
BNDES USD	345,939	783,960	866,036	832,150	764,144	610,310	403,686	229,780	96,523	-	-	-	-	-	-	
ECA's	153,751	348,427	393,794	369,845	339,620	271,249	179,416	102,124	42,899	-	-	-	-	-	-	
Commercial Banks	115,313	261,320	295,345	277,383	254,715	203,437	134,562	76,593	32,174	-	-	-	-	-	-	
Refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	425,000	
FGCN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Funds Disbursement	820,004	1,701,848	1,968,969	1,849,223	1,716,208	1,396,297	919,524	510,622	214,496	-	-	-	-	-	425,000	
Cash Available for Debt Service	10,343	18,618	-	-	18,109	226,500	537,457	968,729	1,405,153	1,710,784	1,760,898	1,832,781	1,881,662	1,909,570	2,352,697	
Consolidated Principal Repayment	-	-	-	-	-	(9,709)	(68,433)	(170,551)	(311,035)	(443,687)	(617,128)	(666,360)	(706,424)	(749,947)	(802,801)	(1,031,613)
Consolidated Interest Payments	-	-	-	-	-	(8,400)	(69,981)	(199,241)	(366,257)	(514,834)	(688,441)	(656,110)	(605,731)	(552,356)	(495,515)	(434,651)
Financial Costs	(10,343)	(18,618)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Consolidated Debt Service	(10,343)	(18,618)	-	-	18,109	(138,413)	(369,792)	(677,293)	(958,520)	(1,305,569)	(1,322,470)	(1,312,155)	(1,302,303)	(1,298,316)	(1,466,264)	
Cash Available for Debt Service Reserve	-	-	-	-	-	88,095	167,665	291,437	446,633	405,215	438,428	520,626	579,359	611,254	886,433	
DSRA (Funding) / Net Adjustment	-	-	-	-	-	(42,160)	(65,660)	(91,232)	(89,408)	(9,046)	16,257	16,542	14,952	15,260	16,778	
DSRA Balance	-	-	-	-	-	42,160	107,640	199,072	288,480	297,526	281,259	264,717	249,765	234,505	217,727	
Undistributed Cash Balance	-	-	-	-	-	-	12,289	8,853	9,335	60,702	-	-	-	-	-	
Cash Available for Dividends	-	-	-	-	-	45,935	114,274	209,058	366,560	456,871	454,695	537,168	594,311	626,514	903,211	
Class A Dividend Distribution	-	-	-	-	-	(28,599)	(89,609)	(169,763)	(259,980)	(388,341)	(386,491)	(456,593)	(505,165)	(532,637)	(698,061)	
Class B Dividend Distribution	-	-	-	-	-	(5,047)	(15,813)	(29,958)	(45,879)	(68,531)	(68,204)	(80,575)	(89,147)	(93,977)	(123,187)	
Total Distribution to Shareholders	-	-	-	-	-	(33,646)	(105,422)	(198,721)	(305,859)	(456,871)	(454,695)	(537,168)	(594,311)	(626,514)	(821,248)	
Consolidated Cash Balance at SPE Level	-	-	-	-	-	12,289	8,852	9,337	60,701	-	-	-	-	-	81,963	
Debt Balances																
BNDES USD	345,939	1,164,940	2,115,411	3,052,665	3,969,002	4,755,035	5,309,810	5,581,100	5,602,687	5,345,419	5,057,475	4,749,828	4,421,111	4,069,062	3,540,950	
ECA's	153,751	518,022	942,176	1,361,815	1,771,217	2,113,362	2,334,157	2,402,416	2,337,466	2,119,554	1,893,665	1,667,775	1,441,886	1,215,997	964,815	
Commercial Banks	115,313	388,517	706,632	1,021,211	1,329,496	1,593,440	1,774,828	1,850,909	1,831,736	1,704,417	1,551,889	1,379,002	1,183,662	957,969	706,479	
Refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	425,000	
FGCN	-	-	-	-	-	18,109	59,912	84,619	88,492	92,542	96,777	101,206	105,838	110,682	115,747	121,044
Consolidated Debt Balance at SPEs	615,003	2,071,479	3,704,219	5,435,492	7,087,824	8,521,048	9,903,415	9,922,918	9,864,431	9,266,106	8,604,235	7,902,443	7,157,340	6,359,004	5,758,288	
Consolidated Credit Metrics																
Consolidated DSCR	NM	NM	NM	NM	NM	1.6x	1.5x	1.4x	1.5x	1.3x	1.3x	1.4x	1.4x	1.5x	1.6x	
Debt to EBITDA	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	3.3x	3.0x	

Figure 10: Base Case Cashflow Analysis: Sete

Sete Cash Flows and Returns thousands USD	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues															
Upstreamed SPE Class A Dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,500	\$ 89,600	\$ 160,763	\$ 250,080	\$ 388,341	\$ 386,401	\$ 466,503	\$ 505,165	\$ 532,537	\$ 608,061
Expenses															
2 pct. Capital Duty	(3,608)	(5,115)	(6,694)	(6,287)	(5,774)	(4,611)	(3,050)	(1,736)	(729)	-	-	-	-	-	-
FFP General Expenses	(313)	(862)	(1,309)	(1,935)	(2,530)	(1,429)	-	-	-	-	-	-	-	-	-
Preoperational Expenses	(41,954)	(16,399)	(15,337)	(15,166)	(15,470)	(15,801)	(16,148)	(16,498)	-	-	-	-	-	-	-
Taxes	(699)	(991)	(1,297)	(1,218)	(1,119)	(897)	(725)	(781)	(1,041)	(1,392)	(1,492)	(1,758)	(1,929)	(2,008)	(2,643)
Administration Fees and Expenses	-	-	-	-	-	-	-	-	(16,850)	(17,203)	(17,582)	(17,928)	(18,302)	(18,683)	(19,073)
Total Expenses	(46,575)	(23,368)	(24,638)	(24,609)	(24,892)	(22,738)	(19,923)	(19,015)	(18,620)	(18,595)	(19,054)	(19,686)	(20,231)	(20,681)	(21,716)
Cash Available for Reserve Accounts	(46,575)	(23,368)	(24,638)	(24,609)	(24,892)	5,860	69,686	150,748	241,360	369,745	367,437	436,907	484,934	511,845	676,345
Construction Contingency Fund Adjustment (+/-)	-	-	-	-	-	(19,800)	(39,600)	(39,600)	(19,800)	(19,800)	-	-	-	-	-
Construction Contingency Fund Balance	-	-	-	-	-	19,800	59,400	99,000	118,800	138,600	138,600	138,600	138,600	138,600	138,600
Performance Fund Adjustment (+/-)	-	-	-	-	-	(8,000)	(16,000)	(16,000)	(8,000)	(8,000)	-	-	-	-	8,000
Performance Fund Balance	-	-	-	-	-	8,000	24,000	40,000	48,000	56,000	56,000	56,000	56,000	56,000	48,000
Renewal Fund Adjustment (+/-)	-	-	-	-	-	-	-	-	-	-	-	-	(3,714)	(10,214)	(16,714)
Renewal Fund Balance	-	-	-	-	-	-	-	-	-	-	-	-	3,714	13,929	30,643
Cash After Funding Reserve Accounts	(46,575)	(23,368)	(24,638)	(24,609)	(24,892)	(21,940)	14,086	95,148	213,560	341,945	367,437	436,907	481,220	501,631	667,631
SPE Capital Calls	(180,401)	(255,771)	(334,725)	(314,368)	(288,677)	(230,561)	(152,504)	(86,806)	(36,464)	-	-	-	-	-	-
Cash Flows to Shareholders	\$ (226,976)	\$ (279,139)	\$ (359,363)	\$ (338,977)	\$ (313,569)	\$ (252,501)	\$ (138,418)	\$ 8,343	\$ 177,096	\$ 341,945	\$ 367,437	\$ 436,907	\$ 481,220	\$ 501,631	\$ 667,631
Cash Flows to Fund XV	\$ (18,700)	\$ (22,998)	\$ (29,607)	\$ (27,927)	\$ (25,834)	\$ (20,803)	\$ (11,404)	\$ 687	\$ 14,590	\$ 28,172	\$ 30,272	\$ 35,996	\$ 39,646	\$ 41,328	\$ 55,004
IRR	-	-	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	-0.7%	2.4%	5.2%
ROI	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.1x	0.3x	0.5x	0.7x	0.9x	1.2x	1.6x
Cumulative Returns Continued		IRR	ROI	Capital Called											
2026	7.5%	2.0x		Sete \$ 1,908,943											
2027	10.3%	2.8x		Fund XI/ \$ 157,273											
2028	11.9%	3.5x													
2029	13.5%	4.4x													
2030	14.3%	5.2x													
2031	15.0%	5.9x													
2032	15.5%	6.7x													
2033	15.9%	7.5x													
2034	16.3%	8.3x													
2035	16.6%	9.1x													
2040	17.1%	11.4x													